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BEFORE THE ARIZONA CORPORATION COMMISSION

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WILLIAM A. MUNDELL

Chairman

Arizona Corporation Commission
DOCKETED

JIM IRVIN

Commissioner

MARC SPITZER

Commissioner

OCT 09 2002

DOCKETED BY

CM

IN THE MATTER OF

DOCKET NO. S-03491A-02-0000

AMERICAN NATIONAL MORTGAGE
PARTNERS, L.L.C.15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

SECURA INNOVATIVE INVESTMENT, INC.

15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

SECURA MORTGAGE MANAGEMENT, L.L.C.

15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

CASH FLOW UNIVERSITY, INC.

15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

SECURA FUND ARIZONA, L.L.C.

15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

LARRY WILLIAM DUNNING and SHEILA

DUNNING, husband and wife
5635 East Lincoln Drive, #23
Paradise Valley, Arizona 85253-4121

PHIL VIGARINO and JANE DOE VIGARINO,

husband and wife
15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260

ROBERT K. REHM

15021 N. 74th Street, Suite 100
Scottsdale, Arizona 85260ANSWER OF RESPONDENTS
SECURA INNOVATIVE
INVESTMENT, INC., SECURA
MORTGAGE MANAGEMENT,
L.L.C., SECURA FUND ARIZONA,
L.L.C., AND ROBERT K. REHMLAW OFFICES
TITUS, BRUECKNER & BERRY
A PROFESSIONAL CORPORATION
SUITE 6252 SCOTTSDALE CENTRE
3733 NORTH SCOTTSDALE ROAD
SCOTTSDALE, ARIZONA 85251-3577
TELEPHONE 480-483-9600 FAX 480-483-3115

1 MARK KESLER and JANE DOE KESLER,
2 husband and wife
3 10783 W. Encanto Blvd.
4 Avondale, Arizona 85323

5 FRANK CASPARE and GAIL CASPARE, husband
6 and wife
7 27 Taconic
8 Millwood, NY 10546-1125

9 Respondents.

10 Respondents Secura Innovative Investment, Inc. ("SII"), Secura Mortgage Management,
11 L.L.C. ("SMM"), Secura Fund Arizona, L.L.C. ("Secura Fund"), and Robert K. Rehm
12 ("Rehm") (collectively "Respondents") answering the Commission's Temporary Order to Cease
13 and Desist ("Order"), admit, deny and allege as follows:

14 **I**
15 **JURISDICTION**

- 16 1. Respondents deny the allegations in paragraph 1 of the Order.

17 **II.**
18 **RESPONDENTS**

- 19 2. Respondents admit the allegations contained in paragraph 2 of the Order.
- 20 3. Respondents admit the allegations contained in paragraph 3 of the Order.
- 21 4. Respondents admit the allegations contained in paragraph 4 of the Order.
- 22 5. Respondents admit that Cash Flow University, Inc. ("Cash Flow") is an Arizona
23 corporation with a business address at 15021 North 74th Street, Suite 100, Scottsdale, Arizona
24 85260. Respondents are without sufficient information to form a belief as to the truth or falsity of
25 the remaining allegations in paragraph 5 of the Order, and therefore deny those allegations.
- 26 6. Respondents admit the allegations in paragraph 6 of the Order.
7. Respondents admit that Larry Dunning ("Dunning") is associated with Cash Flow.
- Respondents deny that Dunning was associated with Respondents SII, SMM or Secura Fund.

1 Respondents are without sufficient information to form a belief as to the truth or falsity of the
2 remaining allegations in paragraph 7 of the Order, and therefore deny those allegations.

3 8. Respondents are without sufficient information to form a belief as to the truth or
4 falsity of the allegations in paragraph 8 of the Order, and therefore deny those allegations.

5 9. Respondents are without sufficient information to form a belief as to the truth or
6 falsity of the allegations in paragraph 9 of the Order, and therefore deny those allegations.

7 10. Respondents deny that Phil Vigorino acted as a salesperson for Respondent Secura
8 Fund. Respondents are without sufficient information to form a belief as to the truth or falsity of
9 the remaining allegations in paragraph 10 of the Order, and therefore deny those allegations.

10 11. Respondents are without sufficient information to form a belief as to the truth or
11 falsity of the allegations in paragraph 11 of the Order, and therefore deny those allegations.

12 12. Respondents are without sufficient information to form a belief as to the truth or
13 falsity of the allegations in paragraph 12 of the Order, and therefore deny those allegations.

14 13. Respondents admit the allegations in paragraph 13 of the Order, except that they
15 deny that the business address is that of Respondent Rehm.

16 14. Respondents deny that Mark Kesler acted as a salesperson for Respondent Secura
17 Fund. Respondents are without sufficient information to form a belief as to the truth or falsity of
18 the remaining allegations in paragraph 14 of the Order, and therefore deny those allegations.

19 15. Respondents are without sufficient information to form a belief as to the truth or
20 falsity of the allegations in paragraph 15 of the Order, and therefore deny those allegations.

21 16. Respondents are without sufficient information to form a belief as to the truth or
22 falsity of the allegations in paragraph 16 of the Order, and therefore deny those allegations.

23 17. Respondents admit that Frank Caspare ("Caspare") was the manager and member
24 of American National Mortgage Partners, L.L.C. ("ANMP"), and that Caspare and Rehm were
25
26

1 members of a limited liability company that was the sole member of Creative Financial Funding,
2 L.L.C. Respondents are without sufficient information to form a belief as to the truth or falsity of
3 the remaining allegations in paragraph 17 of the Order, and therefore deny those allegations.

4 18. Respondents are without sufficient information to form a belief as to the truth or
5 falsity of the allegations in paragraph 18 of the Order, and therefore deny those allegations.

6 19. Respondents are without sufficient information to form a belief as to the truth or
7 falsity of the allegations in paragraph 19 of the Order, and therefore deny those allegations.

8 20. The allegations in paragraph 20 of the Order require no response.

9 21. The allegations in paragraph 21 of the Order require no response.

10 22. The allegations in paragraph 22 of the Order require no response.

11 23. The allegations in paragraph 23 of the Order require no response.

12 24. The allegations in paragraph 24 of the Order require no response.

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14 **III.**
15 **FACTS**

16 **PREVIOUS COMMISSION ACTIONS**

17 25. Respondents do not believe that the allegations in paragraph 25 of the Order
18 accurately describe the previous proceeding involving the entities and individuals named in
19 paragraph 25, and therefore deny those allegations.

20 26. Respondents are without sufficient information to form a belief as to the truth or
21 falsity of the allegations in paragraph 26 of the Order, and therefore deny those allegations.

22 27. Respondents admit the allegations in paragraph 27 of the Order.

23 28. Respondents admit the allegations in paragraph 28 of the Order.

**BACKGROUND CURRENT ACTION
UNITED EQUITY HOLDINGS, INC.**

29. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 29 of the Order, and therefore deny those allegations.

30. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 30 of the Order, and therefore deny those allegations.

31. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 31 of the Order, and therefore deny those allegations.

32. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 32 of the Order, and therefore deny those allegations.

**AMERICAN NATIONAL MORTGAGE PARTNERS, L.L.C.
AND
SECURA FUND ARIZONA, L.L.C.**

33. Respondents deny the allegations in paragraph 33 of the Order as they relate to Respondents. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 33 of the Order as they relate to others, and therefore deny those allegations.

34. Respondents deny that SII, SMM or Secura Fund offered any investments at any time. Respondents are without sufficient information to form a belief as to the truth or falsity of the remaining allegations in paragraph 34 of the Order, and therefore deny those allegations.

35. Respondents deny the allegations of paragraph 35 of the Order as they relate to Respondents. Respondents are without sufficient information to form a belief as to the truth or falsity of the allegations in paragraph 35 of the Order as they relate to others, and therefore deny those allegations.

1 36. Respondents are without sufficient information to form a belief as to the truth or
2 falsity of the allegations in paragraph 36 of the Order, and therefore deny those allegations.

3 37. Respondents deny the allegations of paragraph 37 of the Order as they relate to
4 Respondents. Respondents are without sufficient information to form a belief as to the truth or
5 falsity of the allegations in paragraph 37 of the Order as they relate to others, and therefore deny
6 those allegations.

7 38. Respondents are without sufficient information to form a belief as to the truth or
8 falsity of the allegations in paragraph 38 of the Order, and therefore deny those allegations.

9 39. Respondents deny the allegations of paragraph 39 of the Order as they relate to
10 Respondents. Respondents are without sufficient information to form a belief as to the truth or
11 falsity of the allegations in paragraph 39 of the Order as they relate to others, and therefore deny
12 those allegations.

13 40. Respondents are without sufficient information to form a belief as to the truth or
14 falsity of the allegations in paragraph 40 of the Order, and therefore deny those allegations.

15 41. Respondents deny that: (a) Secura Fund has ever offered an investment or an
16 investment program; (b) any person has ever invested in Secura Fund; and (c) Secura Fund is
17 essentially the same investment as described in paragraph 37 of the Order. Respondents are
18 without sufficient information to form a belief as to the truth or falsity of the remaining
19 allegations in paragraph 41 of the Order, and therefore deny those allegations.

20 42. Respondents deny that any person has ever been authorized to offer investments in
21 Secura Fund. Respondents are without sufficient information to form a belief as to the truth or
22 falsity of the other allegations in paragraph 42 of the Order, and therefore deny those allegations.

23 43. Respondents are without sufficient information to form a belief as to the truth or
24 falsity of the allegations in paragraph 43 of the Order, and therefore deny those allegations.

1 44. Respondents are without sufficient information to form a belief as to the truth or
2 falsity of the allegations in paragraph 44 of the Order, and therefore deny those allegations.

3 45. Respondents deny the allegations of paragraph 45 of the Order as they relate to
4 Respondents. Respondents are without sufficient information to form a belief as to the truth or
5 falsity of the allegations in paragraph 45 of the Order as they relate to others, and therefore deny
6 those allegations.

7 46. Respondents SII, SMM and Secura Fund deny that they have any salespeople.
8 Respondents are without sufficient information to form a belief as to the truth or falsity of the
9 remaining allegations in paragraph 46 of the Order, and therefore deny those allegations.

10 47. Respondents are without sufficient information to form a belief as to the truth or
11 falsity of the allegations in paragraph 47 of the Order, and therefore deny those allegations.

12 48. Respondents admit the allegations in paragraph 48 of the Order.

13 49. Respondents deny the allegations of paragraph 49 of the Order as they relate to
14 Respondents. Respondents are without sufficient information to form a belief as to the truth or
15 falsity of the allegations in paragraph 49 of the Order as they relate to others, and therefore deny
16 those allegations.

17 50. Respondents deny the allegations in paragraph 50 of the Order.

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20 **IV**
21 **VIOLATION OF A.R.S. § 44-1841**
22 **(Offer and Sale of Unregistered Securities)**

23 51. Respondents deny the allegations in paragraph 51 of the Order.

24 52. Respondents deny the allegations in paragraph 52 of the Order.

25 53. Respondents deny the allegations in paragraph 53 of the Order.

V.
VIOLATION OF A.R.S. § 44-1842
(Transactions by Unregistered Dealers or Salesmen)

54. Respondents deny the allegations in paragraph 54 of the Order.
55. Respondents deny the allegations in paragraph 55 of the Order.
56. Respondents deny the allegations in paragraph 56 of the Order.
57. Respondents deny the allegations in paragraph 57 of the Order.
58. Respondents deny the allegations in paragraph 58 of the Order.
59. Respondents deny the allegations in paragraph 59 of the Order, and deny each allegation of paragraphs 1 through 59 of the Order not specifically admitted herein.

AFFIRMATIVE DEFENSES

1. For their first affirmative defense, Respondents allege that the Order fails to state a claim upon which relief can be granted.
2. For their second affirmative defense, Respondents allege that the Securities Division has failed to allege securities fraud with reasonable particularity.
3. For their third affirmative defense, Respondents allege that the alleged investors did not rely, reasonably or otherwise, on any alleged misrepresentations by Respondents.
4. For their fourth affirmative defense, Respondents allege that they did not offer, sell, induce or participate in the sale of securities.
5. For their fifth affirmative defense, Respondents allege that they did not know, and in the exercise of reasonable care, could not have known of any untrue statements or material omissions.
6. For their sixth affirmative defense, Respondents allege that they have not acted with requisite scienter.

1 7. For their seventh affirmative defense, Respondents allege that they have not
2 employed a deceptive or manipulative device in connection with the purchase or sale of any
3 security at issue.

4 8. For their eighth affirmative defense, Respondents allege that the alleged investors
5 or lenders suffered no injuries or damages as a result of Respondents' acts.

6 9. For their ninth affirmative defense, Respondents allege that the transactions at issue
7 in the Order did not involve the offer or sale of securities.

8 10. For their tenth affirmative defense, Respondents allege that they never made any
9 misrepresentations or omissions, material or otherwise.

10 11. For their eleventh affirmative defense, Respondents allege that the violations, if
11 any, of the Securities Act, were proximately caused and contributed to by the improper conduct
12 or intervening acts of the other persons or entities named as Respondents in the Order and/or
13 other third persons who were not named in this action as parties.

14 12. For their twelfth affirmative defense, Respondents allege that they did not receive
15 any money from any lenders and that an order of restitution would be inappropriate.

16 13. For their thirteenth affirmative defense, Respondents allege that only the borrowers
17 are obligated to pay the lenders and that an order of restitution would be inappropriate.

18 14. For their fourteenth affirmative defense, Respondents allege that to the extent the
19 Commission determines the transactions at issue to be securities, said transactions were exempt
20 from registration.

21 15. For their fifteenth affirmative defense, Respondents allege that they acted in good
22 faith and did not directly or indirectly induce the conduct at issue.

23 Respondents request that the Commission grant the following relief:
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1. Dismiss the Temporary Order to Cease and Desist and Notice of Opportunity for Hearing;

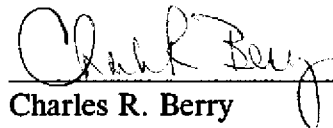
2. Award Respondents their attorneys' fees and costs pursuant to A.R.S. § 41 1007; and

3. Award any other relief that it believes is just and proper.

RESPECTFULLY SUBMITTED this 9th day of October, 2002.

TITUS, BRUECKNER & BERRY, P.C.

By:



Charles R. Berry
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7373 North Scottsdale Road
Scottsdale, Arizona 85253
Attorneys for Respondents Secura Innovative
Investment, Inc., Secura Mortgage Management,
L.L.C., Secura Fund Arizona, L.L.C., and
Robert K. Rehm

ORIGINAL and ten copies of the foregoing
hand-delivered this 9th day of October, 2002, to:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, AZ 85007

COPY of the foregoing hand-delivered
This 9th day of October, 2002, to:

Mark Sendrow
Director of Securities
Securities Division
Arizona Corporation Commission
1300 West Washington Street
Phoenix, AZ 85007

1 Hearing Officer
2 Hearing Division
3 Arizona Corporation Commission
4 1200 West Washington Street
Phoenix, AZ 85007

5 COPY of the foregoing mailed
6 this 9th day of October, 2002, to:

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